

## REPORT FOLLOW-UP

DATE ISSUED: August 2, 2007

## AGENCY: OFFICE OF THE STATE TREASURER

On May 8, 2007, the Legislative Services Office, Audits Division released a Management Report for the Office of the State Treasurer for fiscal year 2006. The Office was contacted on July 19, 2007, and this follow-up report addresses how the Office has responded to the one finding and recommendation contained in that report.

## STATUS OF RECOMMENDATIONS:

**FINDING #1** – Investment amortization of discounts and premiums was not properly accounted for, resulting in erroneous distributions and asset valuations.

**We recommended that the Treasurer's Office recruit appropriate accounting expertise to manage the complex investment accounting functions. We also recommended that the Treasurer's Office evaluate accounting procedures, methods, and internal controls to ensure that investments are properly recorded and reported in accordance with accounting standards and Idaho Code.**

**TREASURER'S OFFICE ORIGINAL RESPONSE** – The Treasurer's Office was in general agreement with the finding, and indicated that it had implemented internal controls to address the issues identified.

**AUDIT FOLLOW-UP** – The Office plans to request an additional position during the next legislative session and has also changed the accounting methodology for amortizing discounts and premiums. In addition, the Office has communicated with staff the importance of effective internal control systems to ensure proper recording of transactions. This finding is still open until we have an opportunity to test the new amortization methods and accounting records for accuracy during the fiscal year 2007 audit.

**STATUS – OPEN**